GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1993
ANSWERED ON:03.08.2001
IRDA NORMS FOR THE NEW ENTRANTS
SADASHIVRAO DADOBA MANDLIK

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that Insurance Regulatory and Development Authority(IRDA) has relaxed the exposure norms for new entrants and provided greater flexibility for investment;

(b) if so, the details thereof; and

(c) the benefits likely to be arise out of it?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) and (b) Yes, Sir, IRDA had issued IRDA (Investment) Regulations, 2000 in August, 2000a copy of which has been laid on the Table of the House on 28.11 2000.These regulations contained instructions regarding exposure/prudential norms and the parameters within which placement of term loan etc. has to be done. IRDA has informed that they have subsequentlyreceived representations from the insurance companies seeking relaxation in the applicability of these regulations. Finding merit in their representations, some of the provisions of the August, 2000 regulations have been modified by IRDA and notified in the Gazette of fndia ofMay 31,2001. A copy of this amendment Notification is being laid on the Table of the House in the current Session.

(c) IRDA has informed that the guided investments in Central Government and StateGovernment securities and investment in social and rural sectors and infrastructure are preserved in the regulations. Further, the regulations ensure that the accountability of the insurers are established. In the present scenario, the regulations would enable the insurance companies to get maximum returns for the policy holders and the investments are done properly.